



EUROPEAN CENTRAL BANK

EUROSYSTEM

# PRESS RELEASE

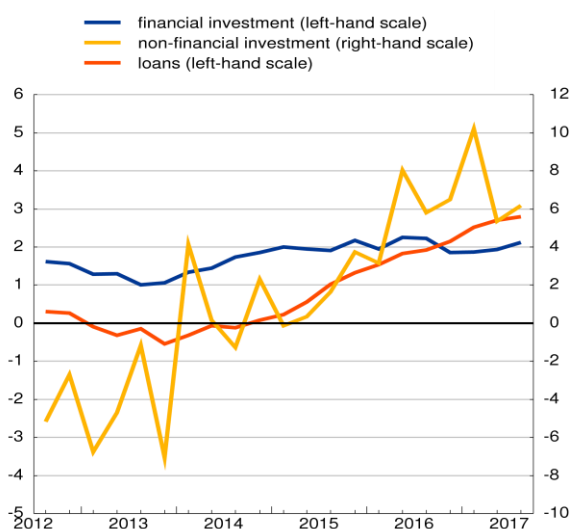
12 January 2018

## Households and non-financial corporations in the euro area: third quarter of 2017

- The annual growth of loans to households stood at a broadly unchanged rate of 2.8% in the third quarter of 2017. Household financial investment increased at a higher rate of 2.1% (after 1.9%), household non-financial investment increased at a higher rate of 6.2% (after 5.4%) and their net worth increased at a broadly unchanged rate of 5.0%.
- The annual growth rate of household gross disposable income increased to 3.0% in the third quarter of 2017, from 2.7% in the previous quarter. The compensation of employees increased at a higher rate of 3.7% (after 3.5%).
- The annual growth rate of the gross operating surplus of non-financial corporations (NFCs) increased to 6.6% in the third quarter of 2017, from 2.3% in the previous quarter. Gross entrepreneurial income increased at a higher rate of 6.0% (after 1.4%). Non-financial corporations' financing increased at a higher rate of 2.5% (after 2.2%).

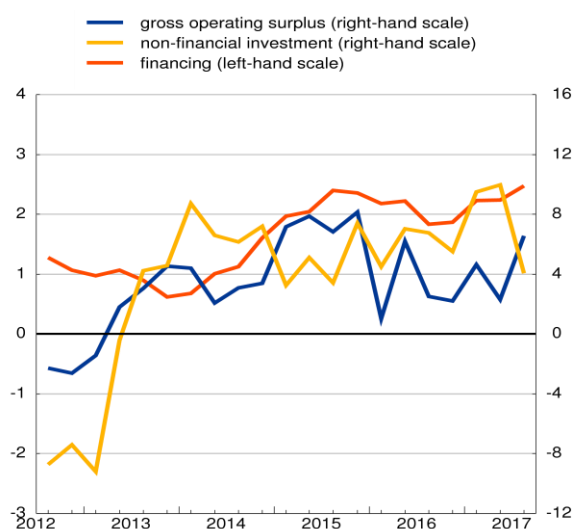
**Chart 1. Household financing and financial and non-financial investment**

(annual growth rates)



**Chart 2. NFC gross-operating surplus, non-financial investment and financing**

(annual growth rates)



## Households

The annual growth rate of household [gross disposable income](#) increased to 3.0% in the third quarter of 2017, from 2.7% in the previous quarter. The compensation of employees increased at a higher rate of 3.7% (after 3.5%), and gross operating surplus and mixed income from the self-employed increased at a higher rate of 3.4%. Household consumption expenditure grew at an unchanged rate of 3.2%.

The household [gross saving rate](#) in the third quarter of 2017 was 12.0%, compared with 12.3% in the same quarter of the previous year.

The annual growth rate of household gross [non-financial investment](#) (which refers mainly to housing) increased to 6.2% in the third quarter of 2017, from 5.4% in the previous quarter. [Loans](#) to households, the main component of household financing, increased at a broadly unchanged rate of 2.8%.

The annual growth rate of household [financial investment](#) increased to 2.1% in the third quarter of 2017, from 1.9% in the previous quarter. Among its components, currency and deposits grew at an unchanged rate of 3.8%. Investment in life insurance and pension schemes grew at a broadly unchanged rate of 2.1% and shares and other equity grew at a higher rate of 1.3% (after 1.0%). Investment in debt securities continued to decline, albeit at a lower rate (-10.3% after -11.6%).

The annual growth rate of household [net worth](#) stood at a broadly unchanged rate of 5.0% in the third quarter of 2017, as net valuation gains on financial and non-financial assets as well as investments were only partly offset by the incurrence of liabilities. The value of [housing wealth](#) increased at a higher rate of 5.8% (after 5.2%). The household [debt-to-income ratio](#) continued to decrease, to 92.9% in the third quarter of 2017 from 93.4% in the third quarter of 2016, as disposable income grew faster than loans to households.

## Non-financial corporations

The annual growth rate of non-financial corporations' [gross operating surplus](#) increased to 6.6% in the third quarter of 2017, from 2.3% in the previous quarter, while net property income (defined in this context as property income receivable minus interest and rent payable) was broadly unchanged. As a result gross entrepreneurial income (broadly equivalent to cash flow) increased at a higher rate of 6.0% (after 1.4%).<sup>1</sup> Net value added increased at a higher rate of 5.4% (after 3.4%). The annual growth rate of gross [non-financial investment](#) decreased to 4.1% (from 10.0%). [Financing](#) of non-financial corporations increased at a higher rate of 2.5% (after 2.2%). Loan financing grew at a higher rate of 2.4% (after 1.7%), reflecting an increase in the annual growth rate of loans received from monetary financial institutions (MFIs) and from other resident sectors and rest of the world.

The annual growth rate of issuance of debt securities decreased to 7.5% in the third quarter of 2017, from 8.0% in the previous quarter. Also trade credit financing and equity financing grew at lower rates (4.4% after 4.6% and 1.9% after 2.1%, respectively).

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<sup>1</sup> Gross entrepreneurial income is the sum of gross operating surplus and property income receivable minus interest and rent payable.

Non-financial corporations' [debt-to-GDP ratio](#) decreased to 132.5% in the third quarter of 2017, from 133.9% in the same quarter of the previous year.

Financial investment grew at a higher rate of 4.3%, compared with 4.1% in the previous quarter. Among its components, loans granted grew at a higher rate of 7.0% (after 5.5%), while investment in shares and other equity grew at a lower rate of 2.5% (after 3.2%).

**For media queries, please contact Stefan Ruhkamp, tel.: +49 69 1344 5057.**

**Notes:**

- These data come from a first release of quarterly euro area sector accounts from the European Central Bank (ECB) and Eurostat, the statistical office of the European Union. The [release calendar](#) can be found on the ECB website. This release incorporates revisions to data for previous quarters. An ECB press release covering all institutional sectors is scheduled for 26 January 2018. The tables and charts accompanying the present press release are available in the [publications section](#) of the Statistical Data Warehouse.
- Further data and methodological information on quarterly financial and non-financial accounts by institutional sector including euro area and national charts are available in the statistics section of the ECB's website under [Macroeconomic statistics/Sector accounts](#) (direct link to the sector accounts data in the ECB's Statistical Data Warehouse [Sector account data](#)). A visual presentation of who-to-whom funding relationships between sectors is available in "[Our statistics](#)".
- The annual growth rate of non-financial transactions and of outstanding assets and liabilities (stocks) is calculated as the percentage change between the value for a given quarter and that value recorded four quarters earlier. The annual growth rates used for financial transactions refer to the total value of transactions during the year in relation to the outstanding stock a year before.
- The sum of household debt and non-financial corporation debt (also referred to as "private debt") as a percentage of GDP is one of the headline indicators of the macroeconomic imbalances procedure (MIP). For non-financial corporations, the definition of debt used by the MIP differs from the definition applied here, as the MIP indicator is based on annual, consolidated data, and also excludes pension fund reserve liabilities and trade credits. For the MIP data see: [Annual scoreboard for the surveillance of macroeconomic imbalances](#).

Table 1. Households, selected components of euro area accounts

Non-financial transactions	four-quarter-cumulated sums EUR billions							annual percentage changes		percentage of HGDI, adjusted	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Gross disposable income (HGDI)</u>	6,396	6,516	6,621	6,656	6,708	6,755	6,803	2.7	3.0	98.8	98.8
<u>Compensation of employees</u>	4,876	5,011	5,116	5,155	5,196	5,242	5,288	3.5	3.7	76.3	76.8
<u>Gross operating surplus and mixed income</u>	1,538	1,559	1,592	1,601	1,613	1,623	1,637	2.6	3.4	23.8	23.8
<u>Property income (receivable - payable)</u>	830	822	806	799	807	813	825			12.0	12.0
<u>Consumption expenditure</u>	5,659	5,780	5,879	5,918	5,966	6,013	6,060	3.2	3.2	87.7	88.0
<u>Gross saving</u>	823	819	823	819	823	825	827	0.6	1.3	12.3	12.0
<u>Gross non-financial investment</u>	533	541	563	572	586	594	603	5.4	6.2	8.4	8.8
<u>Net non-financial investment</u>	73	72	87	92	103	107	112	15.9	20.8	1.3	1.6
<u>Net lending (+)/net borrowing (-)</u>	293	282	256	242	232	226	219			3.8	3.2
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of HGDI, adjusted	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Financial investment</u>	380	465	487	414	420	437	484	1.9	2.1	7.3	7.0
<u>Currency and deposits</u>	171	194	275	303	298	284	285	3.8	3.8	4.1	4.1
<u>Debt securities</u>	-194	-152	-82	-94	-92	-91	-78	-11.6	-10.3	-1.2	-1.1
<u>Shares and other equity</u>	140	231	79	50	46	62	83	1.0	1.3	1.2	1.2
<u>Life insurance and pension schemes</u>	233	192	199	191	168	158	151	2.2	2.1	3.0	2.2
<u>Financing</u>	37	129	213	168	205	223	237	3.2	3.4	3.2	3.4
<u>Loans</u>	5	81	118	133	155	169	175	2.7	2.8	1.8	2.5
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	342	336	273	245	215	214	247	1.4	1.6	4.1	3.6
<u>Changes in financial wealth not due to transactions</u>	550	536	488	390	544	576	423			7.3	6.1
Balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of HGDI, adjusted	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Financial assets</u>	21,399	22,381	22,818	23,145	23,362	23,535	23,677	4.3	3.8	340.4	343.8
<u>Currency and deposits</u>	7,192	7,382	7,554	7,682	7,718	7,806	7,834	3.7	3.7	112.7	113.8
<u>Debt securities</u>	973	818	761	729	693	665	638	-15.1	-16.1	11.4	9.3
<u>Shares and other equity</u>	5,692	6,358	6,249	6,403	6,569	6,636	6,763	8.8	8.2	93.2	98.2
<u>Life insurance and pension schemes</u>	6,440	6,708	7,149	7,298	7,344	7,352	7,373	4.3	3.1	106.7	107.1
<u>Liabilities</u>	6,852	6,962	7,061	7,091	7,159	7,221	7,250	2.6	2.7	105.3	105.3
<u>Loans (=debt)</u>	6,116	6,177	6,258	6,284	6,307	6,361	6,400	2.2	2.3	93.4	92.9
<u>Non-financial assets</u>	29,874	30,640	31,873	32,008	32,303	32,849	33,582	4.8	5.4	475.5	487.6
<u>Housing wealth</u>	27,924	28,730	30,009	30,131	30,455	31,001	31,748	5.2	5.8	447.7	461.0
<u>Net worth</u>	44,422	46,059	47,630	48,063	48,506	49,163	50,009	4.9	5.0	710.6	726.1

Table 2. Non-financial corporations, selected components of euro area accounts

Non-financial transactions	four-quarter-cumulated sums EUR billions							annual percentage changes		percentage of GVA	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Gross value added (GVA)</u>	5,311	5,563	5,700	5,735	5,793	5,841	5,913	3.4	5.0	100.0	100.0
<u>Net value added (NVA)</u>	4,284	4,488	4,603	4,630	4,680	4,720	4,783	3.4	5.4	80.8	80.9
<u>Gross entrepreneurial income</u>	2,402	2,538	2,617	2,644	2,677	2,688	2,727	1.4	6.0	56.9	57.0
<u>Gross operating surplus</u>	2,116	2,275	2,329	2,342	2,369	2,382	2,421	2.3	6.6	50.6	50.6
<u>Property income (receivable - interest and rent payable)</u>	286	263	288	302	309	306	305			-12.8	-13.4
<u>Gross non-financial investment</u>	1,191	1,248	1,305	1,323	1,354	1,387	1,400	10.0	4.1	22.9	23.7
<u>Net non-financial investment</u>	165	173	208	218	241	265	270	44.9	8.5	3.7	4.6
<u>Net lending (+)/net borrowing (-)</u>	116	175	233	225	186	136	142			4.1	2.4
Financial transactions	four-quarter-cumulated sums EUR billions							annual growth rates		percentage of GVA	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Financial investment</u>	516	827	782	815	903	852	907	4.1	4.3	13.7	15.3
<u>Currency and deposits</u>	36	102	179	154	165	166	161	7.0	6.6	3.1	2.7
<u>Debt securities</u>	-36	-43	27	-14	-34	-41	-26	-16.0	-10.4	0.5	-0.4
<u>Loans</u>	161	268	114	133	204	225	286	5.5	7.0	2.0	4.8
<u>Shares and other equity</u>	273	355	358	401	341	311	257	3.2	2.5	6.3	4.3
<u>Financing</u>	452	693	566	594	700	703	793	2.2	2.5	9.9	13.4
<u>Debt securities</u>	39	41	52	75	98	100	97	8.0	7.5	0.9	1.6
<u>Loans</u>	237	182	130	152	185	167	241	1.7	2.4	2.3	4.1
<u>Shares and other equity</u>	235	422	276	267	299	333	314	2.1	1.9	4.8	5.3
<u>Trade credits and advances</u>	-19	30	79	128	142	126	121	4.6	4.4	1.4	2.0
<u>Net lending (+)/net borrowing (-) (financial accounts)</u>	65	135	216	222	203	149	115			3.8	1.9
Financial balance sheet	end-of-period stocks EUR billions							annual percentage changes		percentage of GVA	
	2014	2015	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q2	2017 Q3	2016 Q3	2017 Q3
<u>Financial assets</u>	19,062	20,723	20,959	21,765	22,377	22,422	22,762	9.2	8.6	367.7	384.9
<u>Currency and deposits</u>	2,162	2,302	2,425	2,463	2,498	2,516	2,567	6.5	5.9	42.5	43.4
<u>Debt securities</u>	283	226	251	205	214	224	221	-13.1	-12.0	4.4	3.7
<u>Loans</u>	3,723	4,051	4,089	4,217	4,302	4,298	4,307	4.7	5.3	71.7	72.8
<u>Shares and other equity</u>	9,137	10,180	10,202	10,759	11,197	11,255	11,489	14.9	12.6	179.0	194.3
<u>Liabilities</u>	29,355	31,813	32,008	32,677	33,354	33,588	34,002	7.0	6.2	561.5	575.0
<u>Debt</u>	13,441	14,130	14,346	14,507	14,577	14,610	14,636	1.7	2.0	133.9	132.5
<u>Debt securities</u>	1,182	1,208	1,291	1,295	1,322	1,321	1,351	5.5	4.6	22.7	22.8
<u>Loans</u>	9,274	9,843	9,942	9,979	10,037	10,039	10,021	0.3	0.8	174.4	169.5
<u>Trade credits and advances</u>	2,615	2,705	2,734	2,852	2,835	2,866	2,880	4.9	5.3	48.0	48.7
<u>Shares and other equity</u>	14,922	16,664	16,724	17,213	17,878	18,073	18,430	12.4	10.2	293.4	311.7

Sources: ECB and Eurostat